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DROUGHT INCREASES FEED GRAIN IMPORTS;
OTHER FARM IMPORTS ARE UNDER AVERAGE

As a result of the shortage in domestic supplies following the drought of 1934, current imports of some agricultural products, particularly feed grains, are larger than the average for recent years. However, imports of other competitive agricultural products, such as dairy products, eggs and meats, have been smaller in recent months than the average for the same periods over the last ten years, according to studies made by the Agricultural Adjustment Administration. Total imports of grains to date are still very small in relation to production and consumption of the same products and in relation to losses caused by the drought.

Imports of all grains during the period from July 1, 1934, through February 2, 1935, were about six-tenths of one percent of this country's average production of grains, and less than two percent of the loss to grain crops directly attributable to the drought. According to studies of the Bureau of Agricultural Economics, the total imports of all competitive agricultural products, including grains, during this eight-month period were 25 percent less than the average imports for the same periods during the ten years, 1924 to 1934.

Even though the United States is temporarily on a domestic basis in the case of grains because of the drought, it is on an export basis for its major agricultural products. During 1934, approximately 650 million dollars worth of cotton, tobacco, meat products, grains and preparations, and fruits were exported, as compared with importations of 125 million dollars worth of these products, including imports of 24 million dollars worth of bananas.

Imports of wheat for domestic consumption during the eight-month period were 9,511,000 bushels, while drought damage to the wheat crop last year is estimated to have reduced the production by about 300,000,000 bushels, in addition to the reduction of about 60,000,000 bushels brought about by the Agricultural Adjustment Administration wheat program. About half of the wheat imports consisted of durum wheat for use as seed and for manufacture of special types of flour. The United States production of durum wheat in 1934 was approximately one-tenth of normal.

Corn imports during the same period were 6,510,000 bushels, or about equal to the production of a good representative Iowa county--Calhoun county, for example --in an average year. The 6,510,000 bushels of corn imported amount to less than one-fourth of one percent of our average annual corn production of 2,500,000,000 bushels. Damage to the corn crop due to the drought last year is estimated to have reduced the yield by approximately 1,000,000,000 bushels. Thus, corn imports from July 1 to the end of February were about .7 of 1 percent of the estimated drought loss. Although imports have increased since January 1, 1935, corn imports were less than exports for the calendar year 1934.

Imports of oats, barley, and rye were relatively greater than imports of wheat and corn. Oat imports were 9,321,000 bushels during the eight-month period, or 1.35 percent of the drought loss in this crop. Barley imports were 7,824,000 bushels, or approximately 5 percent of the drought loss. Rye imports were 5,864,000 bushels, or about 26 percent of the 1934 reduction below the average rye crop. All of the reduction in the United States production of oats, barley and rye is attributable to drought, since no adjustment programs were in effect for these crops. Part of the imports of barley and rye were due to increased demand in brewing and distilling industries.

Imports of hay during the eight-month period were 49,000 short tons, the equivalent of approximately .2 of 1 percent of the loss due to drought, estimated at more than 23,000,000 tons. Severe drought loss was partly offset by the planting of hay and pasture crops on areas in the 36,000,000 contracted acres shifted from the production of basic commodities. When drought conditions developed these contracted acres were made available for the emergency production of any feed crop, including corn for fodder. In addition to this the Adjustment Administration underwrote the harvesting of 76,076 tons of corn fodder and stover, and 18,000 tons of soybean hay for forage.

Imports of meats during recent months have shown no increase over the average imports of recent years. Imports of beef during 1934 were 47,641,000 pounds, as compared with a yearly average for the preceding ten years of 56,468,000 pounds. Since average production of beef in the United States is over 7,000,000,000 pounds, 1934 imports were equivalent to about 1 1/2 percent of normal domestic production. Imports of beef in January and February, 1935, were about 9,000,000 pounds, or approximately equal to the average imports for these months during previous years. Imports of hog products for 1934 were 1,600,000 pounds, or 18/1000 of 1 percent of United States production for 1934, and 26/100 of 1 percent of exports of pork products last year.

Due to the fact that the 1934 drought forced great quantities of livestock on the market at low prices, the domestic consumption of meat last year was unusually large. This held down imports in 1934. Supplies of meat available for consumption will be lower and imports higher this year than last. The supply available for consumption will be larger than if there had been no drought relief programs by the Agricultural Adjustment Administration as these programs conserved for future use meat of animals which would otherwise have perished from the drought, and they also enabled farmers to retain on farms and ranches a larger number of good breeding animals and other livestock of good quality. The latter was accomplished by making available a larger supply of feed during the period of acute feed shortage and through the prompt disposition of inferior animals.

Butter imports increased during the first months of 1935, due to relatively high prices caused by lowered supplies and lowered production, which in turn was due to feed shortage because of the drought. Approximately 8 million pounds of butter have been imported since January 1, mostly from New Zealand. This increase in imports did not offset the reduction in domestic production caused by the drought. Domestic consumption of butter in February, including imports moving into retail trade channels, was 24 percent under the volume consumed domestically in the same month a year ago. Butter prices have been decreasing since the peak in early February, however, and if this trend continues, fewer imports may be expected. Butter production from September through February was 37,000,000 pounds below that of the corresponding period a year earlier.

Studies of the Bureau of Agricultural Economics indicate that most competitive agricultural products have been imported at a smaller rate during the eight month period from July, 1934 through February 28, 1935, than for the same periods over the previous ten years. Dairy foods imported were 39 percent of the ten year average; eggs and egg products were 22 percent; fruits (except bananas) were 75 percent; vegetables 49 percent; vegetable oils 86 percent; wool 44 percent; and meats 83 percent. Sugar imports were slightly larger than for the previous decade, being 105 percent of the 10 year average, but feed grains alone showed considerable percentage increase, imports being 286 percent of the small volume average for the last ten years.

All agricultural imports have paid the usual duty rates, with the exception of hay, on which duty was temporarily removed by proclamation of the President last September, following the petition of stock farmers in the Northwest. Wheat for human consumption pays a duty of 42 cents per bushel, and wheat for feed a 10 percent ad valorem duty. Corn pays a duty of 25 cents a bushel; oats, 16 cents; barley, 20 cents; rye, 15 cents; and beef, 6 cents a pound.

Increased imports of agricultural products have occurred in past years when domestic supplies were relatively low. In the year 1923-24, the United States imported 4,000,000 bushels of corn, 7,000,000 bushels of oats, and 13,500,000 bushels of wheat. Wheat imports since last July have been at a lower average than for 1923-24.

Imports of corn, most of which had come from Mexico in 1934, were arriving chiefly from Argentina during the early months of 1935. These imports have been used to supplement short feed supplies on the seabards of the United States. Such imports are possible only when the domestic price of corn is sufficiently above prices in Argentina that ocean freight, insurance, and handling charges, plus the duty of 25 cents a bushel, plus such freight and handling charges as may be necessary within the United States, can be paid by foreign sellers and still leave them a profit. These conditions can be met only during a very abnormal situation. Shipments of Argentine corn may be expected to arrive until such time as the grain and feed situation in the United States becomes easier. The coming in of pasture in the spring probably will diminish imports, and if weather in the corn belt is near normal, the appearance of the corn crop next fall may stop imports almost entirely. Rainfall over most of the corn belt since the first of the year has been about normal.

The Argentine corn crop is normally about 300,000,000 bushels, which is less than one-eighth of the United States average production, and only about two-thirds of the normal production of the State of Iowa alone.

Corn, in the form of pork and lard, is being exported in substantial quantities by the United States. Exports of pork in January 1935 were 9,500,000 pounds and exports of lard approximately 18,000,000 pounds. Roughly 3,000,000 bushels of corn would have been consumed in production of these quantities of pork and lard, which would make the United States a net exporter of corn in this month to the extent of more than 1,000,000 bushels. Largely because of the trade agreement exports of lard to Cuba have increased substantially, 18,500,000 pounds having been exported since the agreement was effected in August, 1934.

Imports of Grains and Hay Since July 1, 1934
-- Compared to Losses Due to Drought --

	Drought Loss 1934 1000's	Imports July 1, 1934 - Feb. 28, 1935 1000's	Percentage Imports of Drought Loss
Wheat (bu.)	299,765	9,511	3.17
Corn (bu.)	975,555	6,510	0.66
Oats (bu.)	688,853	9,321	1.35
Barley (bu.)	164,216	7,824	4.74
Rye (bu.)	22,615	5,864	25.93
Hay (short tons)	23,526	49	.2
All Grains (bu.)	2,151,004	39,519	1.84